

power. The Company requests that the Commission take official notice of Idaho Power's rates and charges currently in effect and on file with the Commission.

Capitol Water estimates its costs associated with the preparation and filing of this Application to be \$1,100. Capitol Water is seeking the Commission's authorization to recover the preparation and filing costs, along with the electric power costs described above, by decreasing its current Schedule No. 3 Purchased Power Cost Adjustment Rate from 4.46% to a revised rate of 4.25%.

Capitol Water attached Exhibit No. 1 – the Company's calculations at Idaho Power's currently approved electric rates – to its Application. Also attached to the Application is Exhibit No. 2, a copy of the Company's current approved Schedule No. 3 in legislative format that shows the proposed change to the Purchased Power Cost Adjustment (PPCA). Capitol Water included a revised Schedule No. 3, the proposed power cost adjustment rate, with an effective date of September 1, 2015. Capitol Water provided work papers to Commission Staff demonstrating its calculations.

Capitol Water states that it notified customers of its Application through a customer notice included in customer bills mailed on July 1, 2015, and via a news release to the Idaho Statesman and the Idaho Business Review newspapers. Copies of these notices were included with the Company's filing (*See* Application Exhibit Nos. 3 and 4).

STAFF ANALYSIS

Capitol Water requests a decrease in the PPCA rate that the Commission most recently approved in Order No. 33128 (Case No. CAP-W-14-01). The proposed decrease will allow the Company to recover its purchased power costs arising from recently approved changes to Idaho Power's electric rate schedules. The Company is currently collecting \$29,059 from the 4.46% PPCA (see Order No. 33128 in Case No. CAP-W-14-01). The Company proposes a PPCA decrease to 4.25% to generate the revised PPCA of \$27,725.

The Company calculates the PPCA using the same methodology as used in previous PPCA rate adjustments.¹ Staff agrees that a change in the PPCA rate is appropriate. Staff has

¹ Previous PPCA rate adjustments include: Order No. 30881, Case No. CAP-W-09-01; Order No. 32056, Case No. CAP-W-10-01; Order No. 32325, Case No. CAP-W-11-01; Order No. 32607, Case No. CAP-W-12-01; Order No. 32858, Case No. CAP-W-13-01; and Order No. 33128, Case No. CAP-W-14-01.

carefully reviewed the Company's calculations and has found them to be correct and based on the Commission-approved methodology.

Idaho Power Rate Adjustments

When the Company filed Case No. CAP-W-09-01, it asked the Commission to approve a new tariff rate that would enable the Company to recover purchased power costs directly related to Idaho Power's PCA from Case No. IPC-E-09-11. Staff interprets Commission Order No. 30881, specifically the directive to "file for an adjustment of its total revenue to recognize changes in power costs," to include changes in Idaho Power's PCA costs and all other miscellaneous Idaho Power rate changes. This interpretation is also incorporated in Commission decisions in Order Nos. 32056, 32325, 32607, 32858, and 33128.

In the current case, the rate adjustment includes the Idaho Power rate changes due to the following:

- an increase to the Fixed Cost Adjustment (FCA) rates of 0.32% for Small General Service customers (IPC-E-15-06, Order No. 33302); and,
- a decrease to the PCA rates of 0.07% for Small General Service customers and 1.13% for Large General Service customers (IPC-E-15-14, Order No. 33306).

The increase to the Idaho Power FCA and the decrease to the Idaho Power PCA resulted in overall lower power costs for Capitol Water Corporation as of June 1, 2015 when compared to last year's power costs for the Company.

Commission Approved Methodology in Calculating PPCA

The methodology used to calculate the incremental power cost change in Capitol Water's previous PPCA cases started with actual 2005 energy consumption and actual 2008 energy cost to determine cost per kWh. Because actual energy consumption in 2005 was determined to be significantly above normal (1,940,746 kWh), a three-year average was used to calculate normalized annual energy and cost per kWh (\$0.0519 per kWh from Order No. 30762). Normalized base rate power supply costs of \$75,483 were then determined by multiplying normalized energy and the average rate per kWh (1,454,401 x \$0.0519). The average cost per kWh for Capitol Water under Idaho Power's new rates was then calculated using the 2005 actual energy consumption model.

Using the same methodology used in the previous cases, and applying the new Idaho Power rates effective June 1, 2015, the Company calculated the average rate of \$0.0702 per kWh. This is the restated average cost per kWh. With this new rate, the expected power cost is \$102,108 (1,454,401 X \$0.0702). Given that \$75,483 in electric power cost are currently embedded in the base rates, the revised incremental power cost to Capitol Water due to Idaho Power's rate changes is \$26,625 (\$102,108-\$75,483). See Attachment A for the summary of PPCA calculations.

Case Preparation Costs

The Company's Application requests \$1,100 to cover its costs to have a consultant review Idaho Power's rate changes, determine the effect on Company power costs, and prepare and file the Application.

In the last case, the Commission allowed the Company to recover \$1,100 for consultant expenses (Case No. CAP-W-14-01, Order No. 33128). In previous cases the consultant anticipated that the Application would require 10 hours of work, at the rate of \$110 per hour, for a total charge of \$1,100. Staff notes that both the time and the hourly rate are the same for the current case. Staff believes that \$1,100 is a reasonable consultant fee and recommends the Commission allow the Company to recover this expense.

SUMMARY

The Company is currently collecting \$29,059 from the 4.46% PPCA (see Order No. 33128 in Case No. CAP-W-14-01). Therefore, the PPCA must decrease to 4.25% to generate the revised PPCA of \$27,725. This decrease as proposed will be reflected in the Company's Schedule 3, Other Recurring and Non-Recurring Charges, resulting in an overall percent impact to annual non-metered customer bills of -0.20%. Metered commercial customers will experience the same incremental percentage decrease, although the annual dollar impact will vary based on usage. See Attachment B for the overall percent impact to annual customer bills.

RECOMMENDATIONS

Staff recommends a decrease in the Company's PPCA from 4.46% to 4.25% to generate a total of \$27,725 to cover the incremental power costs. The new rate includes recovery of

\$1,100 for consultant fees. The 4.25% PPCA should be reflected in the Company's Schedule 3, Other Recurring and Non-Recurring Charges.

Respectfully submitted this 14th day of August 2015.



Neil Price
Deputy Attorney General

Technical Staff: Kathy Stockton
Johanna Bell

i:umisc/comments/capw15.1npklsjb comments

Attachment A: Company and Staff Rate Component Comparison

Line	Rate Component	Calculations	Notes
1	Base Revenue	\$ 651,738	Per Order #30762 in CAP-W-08-02
2	Normalized 3 Yr Average Power Consumption (KWh)	\$ 1,454,401	Per Order #30762 in CAP-W-08-02
3	Average Cost per KWh	\$ 0.0519	Per Order #30762 in CAP-W-08-02
4	Power Cost Embedded in Basic Rates	\$ 75,483	Line 3 X Line 2
5	Restated Average Cost Per KWh @ New IPC Rates	\$ 0.0702	Calculated in Work Papers
6	Power Cost with New IPC Rates	\$ 102,108	Line 5 X Line 2
7	Power Cost above Embedded Base Power Supply Costs	\$ 26,625	Line 6 - Line 4
8	Rate Case Costs	\$ 1,100	Preparation Cost
9	Revised Total Expenses above Embedded Base Expenses	\$ 27,725	Line 7 + Line 8
10	Total Revenue Required with new IPC Rates	\$ 679,463	Line 9 + Line 1
11	Existing Expenses above Embedded Base Rates	\$ 29,068	Line 1 at current PPCA rate of 4.46%; See Order 33128
12	Total Current Revenue	\$ 680,806	Line 1 +Line 11
13	Increase or (Decrease) in Power Costs	\$ (1,342)	Line 9 - Line 11
14	% Increase or (Decrease) in Total Revenue	-0.197%	(Line 10 - Line 12) / Line 12
15	Purchases Power Cost Adjustment (PPCA) Required	4.25%	Line 9 / Line 1

Attachment B: Overall Percent Impact to Annual Customer Bills a/

Size of Service Line	No. of Months	Rates in Effect-Sch 1	Total Bill Per Cust. per Sch 1	Current Cust. Bill @ 4.46% PPCA	Company Proposed @ 4.25% PPCA	Diff. in Customer Bill per Yr	% Decrease of Customer Bill per Yr.
3/4-inch							
Non-Summer	7	\$12.65	\$ 88.55	\$ 92.50	\$ 92.31	\$ (0.19)	-0.20%
Summer	5	\$16.05	\$ 143.50 b/	\$ 149.90	\$ 149.60	\$ (0.30)	-0.20%
Total per Year c/			\$ 232.05	\$ 241.80	\$ 241.91	\$ (0.49)	-0.20%
1-inch							
Non-Summer	7	\$15.10	\$ 105.70	\$ 110.41	\$ 110.41	\$ (0.22)	-0.20%
Summer	5	\$16.05	\$ 155.75 b/	\$ 162.69	\$ 162.69	\$ (0.33)	-0.20%
Total per Year			\$ 261.45	\$ 272.43	\$ 273.11	\$ (0.55)	-0.20%
1 1/4-inch							
Non-Summer	7	\$16.90	\$ 118.30	\$ 123.57	\$ 123.57	\$ (0.25)	-0.20%
Summer	5	\$16.90	\$ 169.00 b/	\$ 176.54	\$ 176.54	\$ (0.35)	-0.20%
Total per Year			\$ 287.30	\$ 299.37	\$ 300.11	\$ (0.60)	-0.20%

a/ The incremental percent decreases illustrated here are for non-metered customers. All residential customers are non-metered. Metered commercial customers will experience the same incremental percentage decrease, although the annual dollar impact will vary based on usage.

b/ Total summer bill (Rates in Effect — Sch. 1 + Summer Rate,) x No. of Months.

c/ Majority of Capitol Water's residential customers have 1/4-inch service lines.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14TH DAY OF AUGUST 2015, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. CAP-W-15-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

ROBERT PRICE
PRESIDENT
CAPITOL WATER CORP
2626 ELDORADO
BOISE ID 83704
E-MAIL: capitolwatercorp@yahoo.com

ROBERT E SMITH
2209 N BRYSON RD
BOISE ID 83713
E-MAIL: utilitygroup@yahoo.com



SECRETARY